



## Try It Before You Buy It

Posted by **Pierluigi Oliverio** on Monday, September 17, 2007

### City Hall Diary

Large organizations often wrestle with enterprise software implementations. They are often promised big returns, quick implementations, user friendly programs and then—the real “kicker”—that costs will not exceed a certain given price.

Nothing could be further from the truth.

The VTA spent \$30 million on finance software and currently is in the process of spending another \$3 million for an upgrade which does not include hardware. The City of San Jose purchased software for the call center and billing system at a cost of \$2 million with another \$11 million for implementation services, almost \$1 million for hardware and another \$1.9 million for implementation services this past August. Get a calculator: the total price tag is just short of \$16 million.

What can we learn from our millions of dollars in expenditures? Or, do we want to learn anything? Or, do we feel more comfortable in justifying costs, since it appears no one is paying much attention anyway?

I understand that technology is not free. However, I do think that the city can save money when purchasing IT and, further, should stop spending the millions it has so far and take into consideration other forms of technology that could achieve the same goals for less money.

I am a fan of pilot programs. Pilot programs allow a new “system” to run its course for a specified time to see if the item in question (in this case, new software) will provide the promised benefits. “Pilots” are done in the private sector all the time. One would not buy a car without doing a test drive first, so why should San Jose spend millions of dollars on software or consultants before we make sure the services will work as promised.

When it comes to a proposed technology pilot, I would recommend that we choose 2-3 vendors to run use cases. This way we have actual experience to judge what each vendor does well and what it does not

do well. Even if we chose to do a pilot with one vendor, I think we would be better prepared to know what to ask for from other vendors. This process may take a little longer; however, it allows the city to make an informed decision based on actual use rather than hypothetical power point slides. If the vendor does not want to do a pilot program, then that is a telling sign and I would recommend that they be dropped from the list.

Currently, the city purchases software which, in this case, equates to the city taking on the responsibility of handling total costs of ownership like IT-burdened labor rates, software bugs, patches and upgrades. In addition to the software, we also take care of the servers by configuring, maintaining, and backing up the servers where the software resides. Servers are expensive in the start-up and ongoing costs. In my opinion, maintaining servers are also a burden because they use a tremendous amount of energy which creates greenhouse gases and, in addition, we need a special facility to store the servers that is temperature controlled.

Personally, I believe we should outsource enterprise software at City Hall and subscribe to software via the web as a service. Software as a service would relieve us of the maintenance costs, hardware costs and energy-hogging servers. Plus, if the software service does not work as promised, the cost to switch is minimal. Millions of Americans log into financial software via a web browser every day to manage their finances without having any software or servers at their home or work.

I am aware that change takes little steps. I just hope that San Jose begins to take those little steps that will save us money and make us more environmentally friendly. Millions overspent on software that does not deliver as promised means less for parks, streets and public safety.

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